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SUBJECT: Fast Cars and Hot Times in Southwest Germany

REF: Frankfurt 258

11. SUMMARY: The southwest German state of Baden-Wuerttemberg (B-W) -- an economic powerhouse and conservative bulwark with a growing environmental movement -- is waking up to climate change now that a recent study shows that a dramatic temperature rise is underway in the region. In response to the sobering findings, the B-W state government has introduced a plan to expand conservation and renewable energy sources (and has renewed calls to keep nuclear power in Germany). As home to premium carmakers Mercedes and Porsche, however, the state's political-industrial complex is squarely against proposed EU regulations to broadly cap vehicle CO2 emissions. The state's experience shows how climate change can tie even a highly prosperous region in knots. END SUMMARY.

Soon to Be An Intemperate Zone?

12. The states of Baden-Wuerttemberg (B-W) and Bavaria, in cooperation with the German Weather Service, recently concluded a study on the impact of global warming in southern Germany. The results give pause: in our discussion with Dr. Manfred Loistl, the B-W Environment Ministry's chief expert on global warming, he noted that between 1951 and 2000, the average annual temperature in Baden-Wuerttemberg rose by 1.5 degrees Celsius and will rise another 1.7 degrees by the year 2050 (Note: the state's temperature increase so far is double the estimated worldwide warming of 0.7 degrees over the past century). The average number of days below freezing shrank by thirty days, while summer days increased by an average of twenty days. The number of rainy days increased by eleven days per year (25cm more annual rainfall). Forecasts for 2021 to 2050 say the number of days over 30 degrees Celsius/86 Fahrenheit will nearly double, while days below freezing will be halved. Dr. Loistl said that state leaders are concerned and are prepared to invest in more renewable energies and energy efficiency; they also feel more strongly than ever the need to extend the life of existing nuclear power plants.

Energy is the Key

13. In an effort to curb the state's CO2 emissions, Baden-Wuerttemberg recently introduced its "Climate Protection 2010 Concept" which advocates:
-- refurbishing old buildings to make them more energy efficient
-- eco-friendly mobility networks
-- support for energy efficiency in industry, and
-- expanding use of renewable energy sources.
The state already has a sizable installed base of renewable energy (6%); Dr. Loistl said that the B-W government will urge ENBW/Energie Baden-Wuerttemberg (Germany's third largest energy supplier and a major operator of nuclear power stations) to use profits to expand renewable energy to 11% by 2010. Sources under consideration include geothermic power, biomass, and additional hydropower. Windpower (only 1% of alternative power in the state)

remains controversial among conservatives who criticize turbines as unsightly in a state which is Germany's second-largest tourist destination.

14. The state also sees nuclear energy (reftel) as critical to its efforts to fight climate change. Under Germany's nuclear phase-out plan, EnBW closed the nuclear power plant in Obrigheim in 2005 and another plant in Neckarwestheim is slated for decommissioning in early 2009. State leaders say that keeping nuclear power plants in operation for another twenty years would reduce the state's CO2 emissions (currently 78 million tons annually) by 2-4 million tons per year. Conversely, if nuclear plants are supplanted by coal-fired power plants, CO2 emissions will increase by 6.4 million tons annually. As a result, leaders in Baden-Wuerttemberg oppose the current federal government commitment to phasing out all German nuclear power by 2020. State politicians recognize the political inertia against revisiting Germany's phase-out plan (enshrined in the Coalition Agreement) but are adamant about trying to extend reactor life.

COMMENT: But Don't Touch My Porsche/Mercedes

15. Governed by conservatives for decades, Baden-Wuerttemberg is home to premium car makers Mercedes and Porsche (the state bills itself as the "birthplace" of the automobile in 1889) which pits it against environmentalists in debates over regulating passenger cars emissions. In a recent meeting, Germany's auto industry association (VDA) noted that Europe's record-setting warm winter season has generated intense political and public pressure on the automotive sector to "do more" about global warming. Germany's automakers -- in particular the luxury and sport-car segments -- are concerned that European regulators will set fleetwide or Europe-wide caps on

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vehicle CO2 emissions (an often cited level is 120 grams/kilometer). German industry representatives -- and their largely conservative political allies -- say broad caps would substantially disadvantage many German makers (whose brands sell on performance) versus French and Italian makers (with more compact, mass-market vehicles). German representatives point out that their vehicles are highly efficient for their size and engine capacity -- and grumble privately that Brussels regulators appear to favor French and Italian interests. The German auto industry is also adamantly opposed to imposing across-the-board maximum speed limits on Germany's autobahns, which many environmentalists are calling for to curb CO2 emissions and conserve fuel. Automaker concerns prompted Germany to block the EU's proposed 120 g/km limit, resulting in a 130 g/km standard which will allow for the contribution of biofuels and tires.

16. The fact that Baden-Wuerttemberg is getting warmer -- faster than most of the globe -- came as a wake-up call. Like neighboring Bavaria, Baden-Wuerttemberg is wealthy and has a tremendous technology base; some of its companies will likely "win out" from the drive to address climate change (such as Bosch, the world's largest automotive supplier and inventor of technologies from spark plugs through fuel injectors to oxygen sensors). Growth has brought its own problems: the region's cities and jammed highways will be hard hit by new diesel-particulate restrictions, for instance. Greens polled ten percent of the electorate in 2006 state elections -- a new high -- and now control important mayorships including Freiburg (a hub for solar technology). The state's long-standing conservative/free-democratic (CDU-FDP) coalition is sometimes ambitious -- in its 2006 coalition agreement, it set a goal of reducing per-capita energy use by twenty percent over ten years -- but is finding that economic growth and wealth create their own dilemmas in dealing with public expectations surrounding the climate change debate. END COMMENT.

17. This cable was coordinated with Embassy Berlin and Consulate General Munich.

POWELL